

TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Jeff Robinson and Shawn Snyder

DATE: July 1, 2010

Monthly General Fund Receipts through June 30, 2010

The attached spreadsheet presents FY 2010 General Fund total net receipts with comparable figures for actual FY 2009. The figures can be compared to the FY 2010 estimate of \$5.249 billion set by the Revenue Estimating Conference (REC) on March 11, 2010. The FY 2010 estimate is a decrease of \$500.5 million (- 8.7%) compared to actual FY 2009 total net receipts (numbers and calculations exclude transfer revenue). A date for the next REC meeting has not been set.

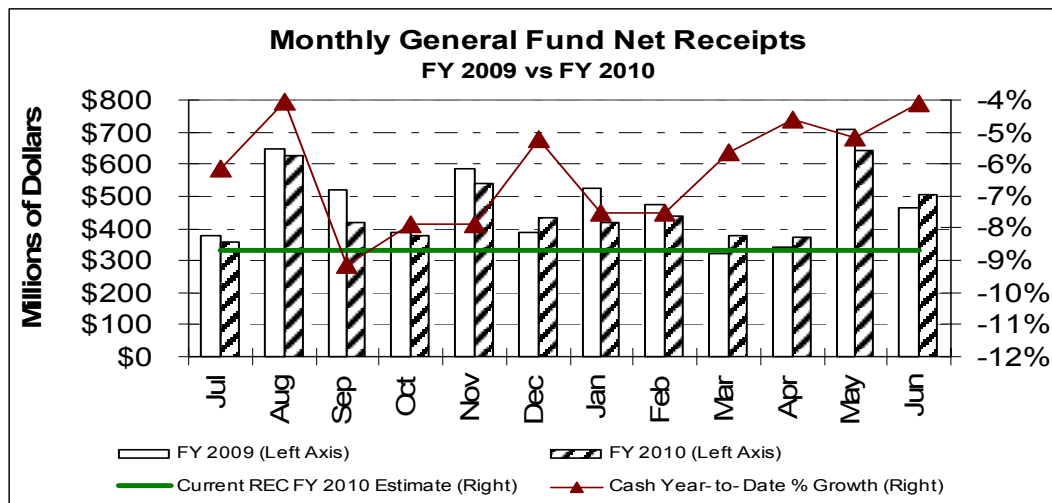
Monthly Estimate Comparison - Dollars in Millions						
Most Recent REC Projected Growth for the Year, Excluding Transfers = - 8.71%						
Year-to- Date Ending:	Year-to- Date FY 2009	Year-to- Date FY 2010	Dollar Change	% Change	Year-to-Date Change at REC Estimate for the Entire Year	Year-to-Date Above (Below) Estimated Change
Oct	\$1,929.0	\$1,777.6	-\$151.4	-7.8%	-\$168.0	\$16.6
Nov	2,516.6	2,318.6	-198.0	-7.9%	-219.2	21.2
Dec	2,902.1	2,751.1	-151.0	-5.2%	-252.8	101.8
Jan	3,425.0	3,168.1	-256.9	-7.5%	-298.3	41.4
Feb	3,900.0	3,607.6	-292.4	-7.5%	-339.7	47.3
Mar	4,223.2	3,985.2	-238.0	-5.6%	-367.8	129.8
Apr	4,566.3	4,354.7	-211.6	-4.6%	-397.7	186.1
May	5,272.7	4,999.0	-273.7	-5.2%	-459.3	185.6
Jun	5,738.9	5,504.2	-234.7	-4.1%	-499.9	265.2
Year end	5,749.0				-500.5	

Note: FY 2010 receipts will continue to be deposited and final net fiscal revenue growth will not be known until the end of September.

FY 2010 Compared to FY 2009

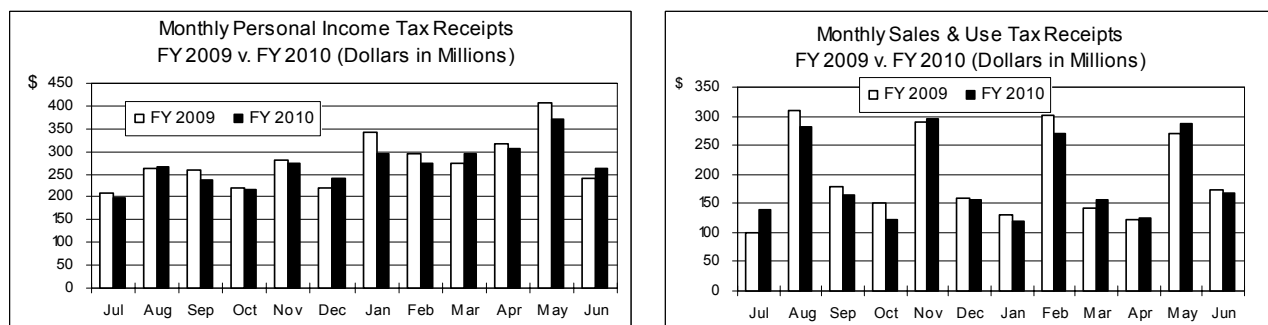
The FY 2010 total net receipts (excluding transfers) decreased \$234.7 million (- 4.1%) compared to FY 2009. *Fiscal year 2010 receipts will continue to be deposited and final net fiscal revenue growth will not be known until the end of September.* Major sources and their contribution to the FY 2010 change include:

- Personal income tax (negative \$94.8 million, - 2.8%)
- Sales/use tax (negative \$34.4 million, - 1.5%)
- Corporate tax (negative \$27.2 million, - 6.5%)
- Other taxes (negative \$21.2 million, - 4.7%)
- Other receipts (negative \$32.5 million, - 8.3%)
- Tax refunds not including school infrastructure refunds (negative \$6.9 million)
- School infrastructure sales/use tax refunds (negative \$17.8 million)



Personal Income Tax revenues received in June totaled \$264.4 million, an increase of \$23.3 million (9.7%) compared to June 2009.

The REC estimate for FY 2010 income tax receipts of \$3.138 billion represents a projected change of negative 5.8% compared to actual FY 2009. Through June, total income tax receipts decreased 2.8%. By subcategory, withholding payments increased \$28.7 million (1.1%), estimate payments decreased by \$60.0 million (- 14.8%), and payments with returns decreased \$63.5 million (- 17.0%). The following chart compares FY 2010 monthly income tax receipts from the three personal income tax subcategories with FY 2009.



Sales/Use Tax receipts received in June totaled \$168.8 million, a decrease of \$5.1 million (- 2.9%) compared to June 2009.

The REC estimate for FY 2010 sales/use tax receipts is \$2.240 billion, a decrease of 3.8% compared to actual FY 2009. Through June, total gross sales/use tax receipts have decreased 1.5%. The preceding chart compares FY 2010 monthly sales/use tax receipts with FY 2009.

Corporate Tax receipts received in June totaled \$47.8 million, a decrease of \$5.7 million (- 10.7%) compared to June 2009.

The REC estimate for FY 2010 corporate tax revenue is \$363.2 million, a decrease of 12.8% compared to actual FY 2009. Through June, total cash corporate tax revenue decreased 6.5%.

Other tax receipts received in June totaled \$62.6 million, an increase of \$12.4 million (24.7%) compared to June 2009. The insurance premium tax accounted for most of the increase for the month.

The REC estimate for FY 2010 other tax revenue is \$424.6 million, a decrease of 6.7% compared to actual FY 2009. Through June, other tax revenue decreased 4.7%.

Other receipts (non-tax receipts) received in June totaled \$23.9 million, a decrease of \$10.9 million (- 31.3%) compared to June 2009. Liquor profits, fees, and miscellaneous receipts had significant decreases for the month.

The REC estimate for FY 2010 other receipts revenue is \$362.2 million, a decrease of 7.6% compared to actual FY 2009. Through June, total other receipts (cash basis) decreased 8.3%.

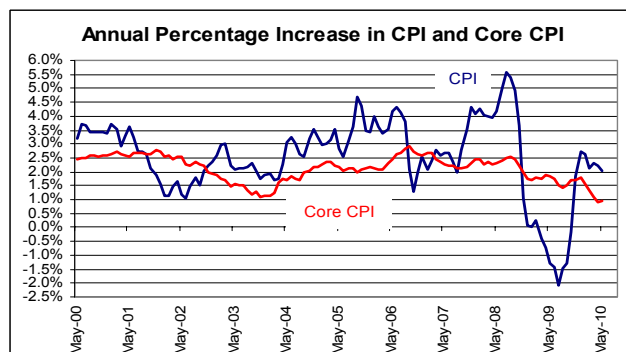
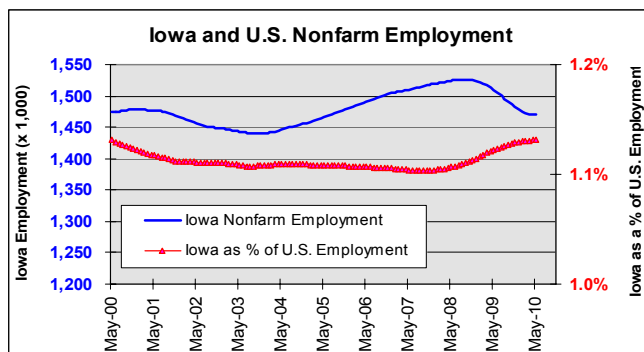
Tax Refunds issued in June totaled \$31.6 million, a decrease of \$25.1 million (- 31.3%) compared to June 2009. The REC estimate for FY 2010 regular tax refunds is \$901.0 million, an increase of 12.1% compared to FY 2009. Regular tax refunds on a cash basis ended with an increase of 0.8%.

In addition to regular tax refunds, school infrastructure refunds totaled \$30.9 million in June, an increase of \$0.1 million (0.3%) compared to June 2009. For the cash fiscal year, school infrastructure refunds increased 5.1%, mostly due to timing of the refunds.

Status of the Economy

Iowa nonfarm employment was reported at 1,490,700 for the month of May (not seasonally adjusted), 5,700 (- 0.4%) lower than May 2009.

Iowa's 12-month average employment is presented in a graph below. The 12-month average peaked in October 2008 at 1,526,400, 47,700 jobs above January 2001 (12-month peak prior to the last recession). The current 12-month average reading is now 1,470,400 resulting in a decline in average annual Iowa employment of 56,000 since the October 2008 peak. During the previous recession, the 12-month average declined 38,800 jobs, peak to trough. The employment chart also presents Iowa nonfarm employment as a percent of U.S. nonfarm employment. Iowa's share of U.S. nonfarm employment decreased noticeably from 1999 through 2002. The decline continued at a much slower pace from 2002 through 2007. Iowa's share of U.S. nonfarm employment had expanded 28 straight months from January 2008 to April 2010, however, that percentage declined in May.



Consumer prices increased in 0.08% May (not seasonally adjusted). The Consumer Price Index (CPI-U) through May 2010 was 218.2 (1983/84=100). The annual rate of inflation peaked at 5.6% in July 2008 and decreased rapidly in the following months. The annual rate now stands at 2.0%.

Core CPI, an inflation measure excluding food and energy expenditures, was flat for the second month in a row in May and stands at 0.9%, year-over-year. The core inflation rate declined considerably from the early 1990s through January 2004 when the rate bottomed at 1.1%. The core inflation rate accelerated from that point, with most readings between 2.0% and 3.0%. With the onset of the recent recession, the annual core inflation rate has declined and has now been below 2.0% for eighteen consecutive months. For the two components excluded from the core rate, energy prices are up 14.7% year-over-year while food prices are up 0.7%.

Information related to State General Fund receipts is available on the Fiscal Services Division's website at: <http://www.legis.state.ia.us/receipts/daily.html>

GENERAL FUND RECEIPTS - FY 2009 vs. FY 2010 July 1 through June 30 (in millions of dollars) Dollars may not add due to rounding. Percentages calculated on rounded numbers.					ESTIMATED GENERAL FUND RECEIPTS (in millions of dollars) FY 09 Actual Compared to FY 10 REC Estimate		
	FY 2009	FY 2010	Year to Date % Change	June % Change	Actual FY 2009	Estimate FY 2010	Projected % Change
Personal Income Tax	\$ 3,330.7	\$ 3,235.9	-2.8%	9.7%	\$ 3,330.7	\$ 3,137.5	-5.8%
Sales/Use Tax	2,327.4	2,293.0	-1.5%	-2.9%	2,327.4	2,240.0	-3.8%
Corporate Income Tax	416.5	389.3	-6.5%	-10.7%	416.5	363.2	-12.8%
Inheritance Tax	75.4	67.4	-10.6%	-7.4%	75.4	68.2	-9.5%
Insurance Premium Tax	90.0	88.6	-1.6%	67.3%	90.0	84.0	-6.7%
Cigarette Tax	215.8	206.1	-4.5%	17.1%	215.8	201.9	-6.4%
Tobacco Tax	23.0	26.0	13.0%	50.0%	23.0	24.7	7.4%
Beer Tax	14.7	14.4	-2.0%	-7.1%	14.7	14.4	-2.0%
Franchise Tax	33.6	31.6	-6.0%	1.9%	33.7	30.1	-10.7%
Miscellaneous Tax	2.4	-0.4	N/A	N/A	2.4	1.3	-45.8%
Total Special Taxes	\$ 6,529.6	\$ 6,352.0	-2.7%	4.8%	\$ 6,529.6	\$ 6,165.3	-5.6%
Institutional Payments	15.4	14.8	-3.9%	-27.3%	15.5	15.5	0.0%
Liquor Profits	85.5	80.3	-6.1%	-53.2%	85.5	85.5	0.0%
Interest	14.6	4.0	-72.6%	0.0%	14.6	2.8	-80.8%
Fees	77.7	47.8	-38.5%	-29.5%	77.7	40.4	-48.0%
Judicial Revenue	98.8	108.6	9.9%	21.1%	98.8	114.0	15.4%
Miscellaneous Receipts	39.8	37.8	-5.0%	-64.4%	39.8	38.0	-4.5%
Racing and Gaming Receipts	60.0	66.0	10.0%	0.0%	60.0	66.0	10.0%
TOTAL GROSS RECEIPTS	\$ 6,921.5	\$ 6,711.4	-3.0%	2.5%	\$ 6,921.5	\$ 6,527.5	-5.7%
Accrued Revenue-Net					17.2	-14.2	
Tax Refunds *	-832.3	-839.2	0.8%	-44.3%	-803.9	-901.0	12.1%
School Infrast. Refunds *	-350.3	-368.1	5.1%	0.3%	-385.8	-363.8	-5.7%
TOTAL NET RECEIPTS	\$ 5,738.9	\$ 5,504.2	-4.1%	8.3%	\$ 5,749.0	\$ 5,248.5	-8.7%
* For FY 2009 and FY 2010 Year-to-Date columns, refunds are listed on a cash basis. For FY 2009 Actual and FY 2010 Estimate, refunds are listed on a fiscal year basis.							